

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 OMB-01 SCCT-01 CIAE-00 DODE-00

PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 EB-07 TRSE-00 COME-00 CIEP-01

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FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 979

INFO AMEMBASSY ASUNCION

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

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SUBJECT: REACTION TO ARGENTINE COUP

REF: (A) MONTEVIDEO 1061 (NOTAL), (B) ASUNCION 1311

1. SUMMARY

THE LONG EXPECTED MILITARY TAKEOVER IN ARGENTINA ELICITED POSITIVE RESPONSE IN URUGUAY. URUGUAYANS OF ALL WALKS OF LIFE HAD WATCHED WITH INCREASING CONCERN THE VIRTUAL ECONOMIC, POLITICAL, AND SOCIAL COLLAPSE OF THEIR NEIGHBOR. THE ARGENTINE SITUATION REMINDED PEOPLE OF SOME OF THE PROBLEMS URUGUAY HAD BEEN FACED WITH A FEW YEARS AGO, AND MOST OBSERVERS EXPECTED A MILITARY RESOLUTION OF THE PROBLEM. RELATIVELY STABLE CONDITIONS IN ARGENTINA SHOULD PERMIT EXPANSION OF INTEGRATION PROGRAMS ALREADY UNDER WAY. END SUMMARY.

2. REACTION IN URUGUAY TO MILITARY TAKEOVER HAS GENERALLY BEEN POSITIVE AS URUGUAYAN PUBLIC AND GOV WERE WELL AWARE OF

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TREMENDOUS PROBLEMS FACING ARGENTINA. BOTH URUGUAYAN AND AR-

GENTINE NEWS MEDIA GAVE DAILY, DETAILED ACCOUNTS OF EVENTS PRIOR AND DURING THE COUP, AND EXTENSIVE PERSONAL AND BUSINESS CONTACTS AUGMENTED INFORMATION AVAILABLE TO URUGUAYANS. THE COUP, THEREFORE, CAME AS NO GREAT SURPRISE HERE, AND MOST URUGUAYANS WOULD PROBABLY SAY IT WAS INEVITABLE. AS REPORTED REFTEL A, GOU QUICKLY EXTENDED "TACIT RECOGNITION" BY MEANS OF ROUTINE ACKNOWLEDGEMENT OF NOTE RECEIVED FROM ARGENTINE EMBASSY.

3. DEFATT REPORTS THAT URUGUAYAN ARMED FORCES, LIKE THE PARAGUAYANS, REF B) ARE STILL CONCERNED WITH THE POSSIBILITY OF LARGE NUMBERS OF TERRORISTS AND OTHER UNDESIRABLES FLEEING INTO URUGUAY AS A RESULT OF THIS MILITARY TAKEOVER. THIS EVENTUALITY IS TAKEN SERIOUSLY BY THE ARMED FORCES. BORDERS ARE OPEN AS ARE ALL MEANS OF COMMUNICATION. THE PAYSANDU-COLON BRIDGE, CONSIDERED BY THE URUGUAYAN ARMED FORCES AS A WEAK LINK IN BORDER CONTROL, WAS CLOSED FOR A FEW DAYS AFTER THE COUP, BUT IS NOW OPEN.

4. WHILE URUGUAYAN NEWS MEDIA GAVE EXTENSIVE COVERAGE TO ARGENTINE EVENTS, THEY WERE ORDERED NOT TO VOICE THEIR OPINIONS ON THE PROS AND CONS OF THE MILITARY TAKEOVER.

5. ON THE ECONOMIC SIDE, INITIAL REACTION TO THE ARGENTINE COUP HAS BEEN CAUTIOUSLY OPTIMISTIC. RECENT UNSETTLED CONDITIONS AND BUREAUCRATIC HOLDUPS IN ARGENTINA HAVE HURT URUGUAYAN EXPORTS TO THAT MARKET. A FEW EXPORTERS SAY THAT THERE IS ALREADY SOME SIGN OF REVIVING INTEREST FROM ARGENTINA. AN END TO THE CHAOTIC EXCHANGE RATE SITUATION SHOULD ALSO HELP THE LOCAL MERCHANTS HERE WHO HAVE SEEN THEIR CUSTOMERS FLOOD TO BUENOS AIRES TO PICK UP BARGAINS. ON THE OTHER HAND, THE URUGUAYAN BOP HAS BEEN HEAVILY DEPENDENT ON ARGENTINE FLIGHT CAPITAL, MUCH OF WHICH WAS INVESTED IN GOU TREASURY BONDS. STABILITY SHOULD CHECK THIS FLOW, BUT BANKERS TELL US THAT THEY EXPECT ONLY A GRADUAL SLOWDOWN WHICH CAN BE MANAGED. OVER THE LONGER TERM, URUGUAYANS WIDELY UNDERSTAND THAT THE PROSPERITY OF THEIR LARGER NEIGHBORS WILL BENEFIT URUGUAY AS WELL.

6. ASSUMING THAT THE ARGENTINE SITUATION STABILIZES, WE CAN EXPECT URUGUAY TO PURSUE FURTHER EXPANSION OF POLITICAL, ECONOMIC, AND CULTURAL CONTACTS IN LINE WITH GOU FOREIGN POLICY OBJECTIVE OF INCREASING TIES WITH SOUTHERN CONE NATIONS, WITH THE GOAL OF LIMITED OFFICIAL USE

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FURTHERING THE INTEGRATION OF THE AREA.
HAAHR

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